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SECTION 1. SUMMARY OF TRENDS AND DEVELOPMENTS

In connection with the world-wide activities of non-scheduled air carriers, unscrupulous individuals have perfected a technique of subterfuge which could conceivably place a fleet of air transports, including US-registered aircraft, at the disposition of a foreign government for a mission directly inimical to the US national security. (Item No. 1, A)

Turkey is continuing to resist Soviet Satellite attempts to secure new air rights which would permit expansion by the Czechoslovak, Polish and Hungarian national airlines into strategic areas of the Near East. (Item No. 2, B)

The recent action of India, Pakistan and Ceylon in cancelling flights of Royal Dutch Airlines (KLM) across their territories en route to Batavia will disrupt the airline's lucrative international route and may affect the air supply of Dutch forces in Indonesia. (Item No. 3, C)

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A shortage of aviation gasoline in Yugoslavia has resulted in the suspension of all internal air services except on the route from Belgrade to Sarajevo and Titograd. (Item No. 5, B)

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On the basis of a survey of the Iranian State Railways, the Commercial Counsellor of the British Embassy in Tehran believes that the system is deteriorating rapidly and that it may be impossible within three months to meet petroleum transport requirements in Iran. If this appraisal is correct, a transportation crisis may arise as early as the end of January, due to the scheduled arrival of American arms shipments. (Item No. 6, B)

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82 SECTION II. CURRENT DEVELOPMENTS

CIVIL AVIATION

1. In connection with the world-wide activities of non-scheduled air carriers, unscrupulous individuals have perfected a technique of subterfuge which could conceivably place a fleet of air transports, including US-registered aircraft, at the disposition of a foreign government for a mission directly inimical to the US national security.

Numerous factors have encouraged clandestine air activities. Once an aircraft passes the territorial limits of the country in which it is registered, there is generally little or no control of its activities by its own authorities. Nevertheless there has been a pronounced tendency on the part of the UN international air organization (ICAO) to advocate practically complete freedom of movement for unscheduled carriers. The poor coordination of aircraft controls at the international level and the lack of uniformity of international regulations and enforcement machinery frequently enable aircraft to operate almost indefinitely in a virtual vacuum of sovereignty, thus escaping any effective surveillance. Under these circumstances widespread abuses are inevitable.

The principal clandestine air activity in the past year has been the ferrying of military aircraft and the transportation of arms, combat personnel, and even dismantled fighter aircraft. Other activities have included the evasion of immigration laws by covert passenger traffic, the smuggling of gold, securities, narcotics and other valuable cargoes, and the maintenance of communications by dissident or rebellious factions with their agents and supporters in distant areas. Subversive agents, moreover, have been moved from one country to another with complete secrecy for political activity or military sabotage.

An elaborate technique has been perfected for clandestine air operations. The unscrupulous promoters have had no difficulty in finding pilots and air crews willing to engage in illicit operations and have been successful in bribing airfield and customs officials outside the US. For other shady errands these promoters have utilized highly specialized methods developed by underground resistance movements during World War II. The use of false passports, misrepresentation of true destinations, mislabeling of cargoes on manifests, and contempt for local regulations have been standard practice.

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The intricacies of current unscheduled air transport operations are well illustrated by a recent example. A C-54 was chartered from a California owner by a US non-scheduled carrier in Philadelphia which has planned to operate the aircraft under contract to a Luxembourg Company (owned by a New Zealander) purporting to hold a subcontract with a British air travel concern acting on behalf of an agency responsible for transportation of displaced persons from France to Israel. Although the agency in question controls the movement of only 500 passengers, the US carrier has requested permits for sufficient flights (65) to carry 2400 passengers or equivalent cargo.

While there are a number of completely trustworthy unscheduled carriers operating abroad, the foregoing example is typical of many unscheduled operations which, upon closer examination, are revealed to be only superficially legitimate. The California owner of the aircraft was probably kept in the dark about the character of the European principals in the deal, and did not know that if necessary they would attempt to operate through French airfields without proper clearances, thus subjecting the aircraft to the risk of seizure. The New Zealand owner of the Luxembourg corporation is a notorious liar. His Luxembourg enterprise is of no consequence (capital \$2500), merely serving as a screen for his dishonest promotions. He has become associated with other shady characters, including a convicted black market operator, a Hungarian of unknown antecedents, and an individual suspected of having been a German spy. It appears that these individuals have been attempting to capitalize on US sympathy for Israel to enlist the support of US Embassy Paris in an operation which would probably carry out clandestine activities in Western Europe and the Balkans under cover of the legitimate DP traffic. If they are successful, they will undoubtedly use the standard covert techniques to accomplish this purpose.

[redacted] Other illicit operations
have been organized in Central America and Southeast Asia. [redacted]

[redacted] It
is probable, for example, that upon implementation of the proposed policy by which the US and UK hope to contain the Satellite air lines, a lucrative black market in aircraft and parts will develop. If specialists in clandestine operations exploit this market the US policy can be effectively nullified.

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Unless adequate international controls over non-scheduled operators are instituted by multilateral action, it is conceivable that even more serious eventualities could result. For example, a fleet of transport aircraft presently available for charter operations in Western Europe, including units of US registry, could be obtained by the clandestine promoters for agents purporting to be engaged in normal trade activities, but in reality acting on behalf of the USSR. Under such an arrangement one flight each by forty aircraft might distribute a task force of one thousand trained saboteurs into Western Europe without the nature of the operation being appreciated until the damage had been done. [REDACTED]

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2. Turkey is continuing to resist Soviet Satellite attempts to secure new air rights which would permit expansion by the Czechoslovak, Polish and Hungarian national airlines into strategic areas of the Near East. The Turkish Government has already denied the Czechoslovak national airline (CSA) the right to overfly Turkey en route to Baghdad and Tehran, and has delayed replying to a Polish overture to begin negotiations for a bilateral air agreement (See TG Weekly No. 42). Turkey has informed the US, moreover, that it will likewise delay replying to a Hungarian approach for negotiation of a formal air agreement and that it will disapprove a recent Hungarian request for two flights of the Hungarian national airline (Mazsovlet) through Turkey en route to Haifa, Palestine. [REDACTED]

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3. The recent action of India, Pakistan and Ceylon in cancelling flights of Royal Dutch Airlines (KLM) across their territories en route to Batavia will disrupt the airline's lucrative international route and may affect the air supply of Dutch forces in Indonesia. Iraq, meanwhile, has threatened to terminate KLM flights to Basra.

The Dutch are now negotiating with the British for an emergency route by way of the island of Mauritius. While this route would preserve air connections with Indonesia, it would not tap enough traffic to form a profitable commercial operation. [REDACTED]

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5. A shortage of aviation gasoline in Yugoslavia has resulted in the suspension of all internal air services except on the route from Belgrade to Sarajevo and Titograd. Although some restriction of civil air operations is normal during the winter season, the recent curtailment appears to reflect a real and acute shortage of high octane fuel-- a shortage undoubtedly resulting from sanctions imposed by the Cominform countries on petroleum shipments to Yugoslavia. [REDACTED]

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SURFACE TRANSPORTATION

6. On the basis of a survey of the Iranian State Railways, the Commercial Counsellor of the British Embassy in Tehran believes that the system is deteriorating rapidly and that it may be impossible within three months to meet petroleum transport requirements in Iran. The survey found that about 60 percent of Iranian locomotives are unserviceable. If this appraisal is correct, a transportation crisis may arise as early as the end of January, due to the scheduled arrival of American arms shipments and heavy merchandise import orders which have been placed during the past few months. A collapse of the railroads, moreover, would tie up the ports, which at the best are chronically congested. [REDACTED]

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